



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS BUDGET AND FINANCE COMMITTEE MEETING

COMMITTEE MEMBERS

GAYLE UILKEMA -CHAIRPERSON	-	JERRY HILL - VICE CHAIRPERSON
HAROLD BROWN		CHRIS DALY
SCOTT HAGGERTY		MARK ROSS
TIM SMITH		MARLAND TOWNSEND
SHELIA YOUNG		

WEDNESDAY
DECEMBER 11, 2002
10:30 A.M.

4TH FLOOR
CONFERENCE ROOM

AGENDA

1. **CALL TO ORDER - ROLL CALL**
2. **PUBLIC COMMENT PERIOD** *(Public Comment on Non-Agenda Items Pursuant to Government Code § 54954.3) Members of the public are afforded the opportunity to speak on any agenda item. All agendas for regular meetings are posted at District headquarters, 939 Ellis Street, San Francisco, CA, at least 72 hours in advance of a regular meeting. At the beginning of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Board's authority. Speakers will be limited to five (5) minutes each.*
3. **APPROVAL OF MINUTES OF SEPTEMBER 25, 2002**
4. **FIRST QUARTER FINANCIAL REPORT FOR FISCAL YEAR 2003** **W. Tanaka/5066**
wtanaka@baaqmd.gov
Financial report for the first quarter, ending September 30, 2002 for Fiscal Year 2002/2003. This is an informational report only.
5. **STATE OF THE CALIFORNIA STATE BUDGET** **W. Tanaka/5066**
wtanaka@baaqmd.gov
Staff will give the Committee a status report on the state of the California State budget.
6. **INCREASE TO DISTRICT BUDGET** **W. Tanaka/5066**
wtanaka@baaqmg.gov
The Committee will consider approval and recommendation to the Board of an increase to the District's FY 02/03 Budget by \$135,000 and allocation of \$76,444 to the Technical Services Division Professional Services Account and \$58,556 to the Technical Services Division Capital Equipment Account.
7. **REQUEST FOR TRANSFER OF FUNDS FOR PHOTOCHEMICAL (OZONE) MODELING** **P. Hess/4971**
phess@baaqmd.gov
Staff requests approval for the transfer of funds for the preparation of photochemical (ozone) modeling to be used to determine the emission reduction targets for the 2004 federal ozone plan in the amount of \$300,000.
8. **SONOMA COUNTY CLIMATE PROTECTION CAMPAIGN REQUEST FOR FUNDING** **W. Norton/5052**
exec@baaqmd.gov
The Committee will consider funding request from the Sonoma County Climate Protection Campaign in the amount of \$25,000.

9. **COMMITTEE MEMBER COMMENTS/OTHER BUSINESS**

Any member of the Board, or its staff, on his or her own initiative or in response to questions posed by the public, may: ask a question for clarification, make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2)

10. **TIME AND PLACE OF NEXT MEETING – JANUARY 22, 2002 939 ELLIS STREET - SF, CA**

11. **ADJOURNMENT**

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
939 ELLIS STREET
SAN FRANCISCO, CALIFORNIA 94109**

DRAFT MINUTES

Summary of Board of Directors
Budget & Finance Committee Meeting
10:30 a.m., Wednesday, September 25, 2002

1. **Call to Order:** Chairperson Uilkema called the meeting to order at 10:30 a.m.

Roll Call: Gayle Uilkema, Chair, Harold Brown, Jerry Hill, Mark Ross, Tim Smith, Marland Townsend, Shelia Young.

Absent: Chris Daly, Scott Haggerty.

Also Present: Pamela Torliatt (10:42 a.m.)
2. **Public Comment Period:** There were none.
3. **Approval of Minutes of April 24, 2002:** Mr. Townsend moved approval of the minutes; seconded by Mr. Hill; carried by acclamation, with one abstention by Ms. Young.
4. **Fourth Quarter Financial Report for Fiscal Year 2002 and Multi-Year Budgeting:**
Financial report for the Fourth Quarter, ending June 30, 2002, for Fiscal Year 2001/2002 and multi-year budgeting was discussed.

Wayne Tanaka, Director of Administrative Services, presented the report and reviewed the General Fund Budget Statement of Revenue, Statement of Expenditures and the Transportation Fund for Clean Air Fund Statement of Income and Expenditures. Mr. Tanaka stated staff would be attending the fall California Air Pollution Control Officers Association (CAPCOA) Fiscal Officers meeting on September 26th and 27th to discuss, along with other issues, the issue of multi-year budgeting. Staff will then present a report and make recommendations on a multi-year budget to the Committee and the Board of Directors at a future date.

Chairperson Uilkema requested staff provide the Committee with information on the following items relating to a multi-year budget: (1) how are capital improvements treated; (2) what is recommended for a special district with respect to the number of years the budget should be; (3) can the District do an 80% fixed budget with 20% flexible to be allocated annually; and (4) what are the limitations imposed by the Legislature.

Committee Action: None, this report submitted for information only.
5. **Report on Claim Procedures:** *Report on internal procedures for the handling of liability claims and notification of insurance carriers.*

D R A F T

Brian Bunger, District Counsel, presented the report stating a review of the policies has been made with the assistance of the District's insurance broker. Reporting procedures for property claims and liability claims were discussed. Mr. Bunger also reviewed the draft Policy for Notification Regarding Claims Made Against the District. During discussion, the Committee requested a time frame be included under paragraph "b." in item 2. Provisions and that notice to the Board be included in the policy. The Committee requested staff provide a copy of the current Administrative Memo to each of the Committee members.

Committee Action: None, this report was provided for information only.

6. Report on Solar Panels for District Office: *Report on feasibility and costs for installation of photovoltaic solar panels.*

Mr. Tanaka presented the report and discussed the long pay back period for the size of the project. Mr. Tanaka stated an upgrade of the District's HVAC system would reduce energy consumption and staff is recommending modernization of the HVAC system before solar panels are considered. Once the HVAC system is upgraded, then the Committee could revisit the use of a photovoltaic system for the District's building at a future date. The installation of solar panels is not in this year's budget, but they could be included in next year's budget.

Committee Action: Mr. Townsend moved the Committee receive and file the report; seconded by Mr. Brown; carried.

There was discussion on problems with fixed source polluters; looking at the issue in the broadest form and what the ramifications are; the roof replacement and use of "cool roof" materials; and possible impacts from the Governor's renewable energy bill.

7. Committee Member Comments/Other Business. There were none.

8. Time and Place of Next Meeting: 9:30 a.m., Wednesday, October 23, 2002, 939 Ellis Street, San Francisco, CA.

9. Adjournment: The meeting adjourned at 11:08 a.m.

Respectfully submitted,

Mary Romaidis
Clerk of the Boards

mr

D R A F T

Budget & Finance Committee

Follow-Up Items for Staff

September 25, 2002 meeting

1. Staff to provide the Committee members with copies of the current Administrative Memo on Notification Regarding Claims made against the District.

BAY AREA AIR QUALITY MANGEMENT DISTRICT
Memorandum

To: Chairperson Uilkema and Members
Of the Budget and Finance Committee

From: Wayne Tanaka
Director of Administrative Services

Date: December 2, 2002

Re: First Quarter Financial Report

RECOMMENDED ACTION:

Information report. Receive and file.

DISCUSSION

GENERAL FUND BUDGET: STATEMENT OF REVENUE

Comparison of Budget to Actual Revenue

- County Revenue receipts were \$356,635 (2.6%) of budgeted revenue. Alameda, San Francisco and Sonoma counties accounted for the majority of the receipts received.
- Permit Fee receipts were \$9,857,187 (59 %) of budgeted revenue.
- Asbestos Fees were \$377,338 (31 %) of budgeted revenue.
- Penalties and Settlements receipts were \$793,654 (79 %) of budgeted revenue.
- Federal Grants, current and prior years were \$182,919 (13%) of budgeted revenue.
- Interest Income receipts were \$152,183 (34%) of budgeted revenue.
- Miscellaneous Revenue receipts were \$441,054 (327 %) of budgeted revenue.

GENERAL FUND BUDGET: STATEMENT OF EXPENDITURES

Comparison of Budget to Actual Expenditures

- Salaries and Benefits were \$7,194,454 (26%) of estimated expenditures.
- Operational Services and Supplies were \$1,144,019 (13) % of estimated expenditures.
- Capital Outlay was \$29,136 (2%) of estimated expenditures.

TFCA FUND: STATEMENT OF INCOME AND EXPENDITURES

- Total Revenue was \$1,026,110 (24 %) of estimated revenue and expenditures.
- In keeping with TFCA Fund requirements, expenditures must equal revenue.
- Salary and Benefits were \$338,775 (29%) of estimated expenditures.
- Operational Services and Supplies were \$687,335 (26%) of estimated expenditures.

BUDGET CONSIDERATION/FINANCIAL IMPACT

No impact on current year budget.

Respectfully submitted,

Wayne Tanaka
Director of Administrative Services

Prepared by: Wayne Tanaka

FORWARDED _____

BAY AREA AIR QUALITY MANGEMENT DISTRICT
Memorandum

To: Chairperson Uilkema and Members
Of the Budget and Finance Committee

From: Wayne Tanaka
Director of Administrative Services

Date: December 2, 2002

Re: State of the California State Budget and Discussion of FY 2002/2003 Budget

RECOMMENDED ACTION:

Information report. Receive and file.

BACKGROUND

The State faces a budget shortfall of \$21 billion over the next 18 months, it is unknown yet, how the District will be impacted by this shortfall. The FY 2002/2003 adopted budget included anticipated cuts in State Subvention funding. The anticipated cuts came true with the adopted FY 2002/2003 State budget.

Due to the precarious financial condition of the State, additional cuts are being contemplated. An additional \$531,760.00, about 20%, maybe taken from the Subvention funds we receive. This would be in addition to the 33% or \$794,130.00 reduction already taken in this years adopted budget. The total would be \$1,325,890.00. This amount is 49.4% of the amount that was budgeted for in FY 2001/2002. One-time large penalty settlements will fill the void created by this reduction.

BUDGET CONSIDERATION/FINANCIAL IMPACT

No impact on current year budget at this time.

Respectfully submitted,

Wayne Tanaka
Director of Administrative Services

Prepared by: Wayne Tanaka

FORWARDED _____

BAY AREA AIR QUALITY MANGEMENT DISTRICT
Memorandum

To: Chairperson Uilkema and Members
Of the Budget and Finance Committee

From: Wayne Tanaka
Director of Administrative Services

Date: November 27, 2002

Re: Increase to District Budget

RECOMMENDED ACTION:

Approve and recommend that the Board of Directors increase the District's FY02/03 Budget by \$135,000 and allocate \$76,444 to the Technical Services Division Professional Services Account and \$58,556 to the Technical Services Division Capital Equipment Account.

BACKGROUND

In 2002, the City of San Pablo undertook redevelopment of a shopping center area that housed the San Pablo air monitoring station, the odor laboratory, and a compressed gas cylinder storage area. The Technical Services Division used FY02/03 operating budget funds for the relocation, improvements and construction costs required for a new air monitoring station, odor laboratory, and compressed gas cylinder storage facility. The City of San Pablo paid a redevelopment settlement of \$135,000 to the District that includes relocation and other related expenses. The Technical Services Division proposes to increase the FY02/03 Budget by \$135,00 and apportion the funds to the Professional Services and Capital Equipment Accounts.

DISCUSSION

In order to facilitate a redevelopment project, the City of San Pablo Redevelopment Agency entered into an agreement with Signature Properties to redevelop a shopping center that housed the District's San Pablo air monitoring station, the odor laboratory, and a compressed gas cylinder storage area. The City served the District with a 90-day Notice to Vacate the property in 2002, providing for recovery of relocation costs under Title 25 of the California Code of Regulations as administered by the City of San Pablo Redevelopment Agency. A new site for the air monitoring station and the odor laboratory was found on the Richmond/San Pablo border. The compressed gas cylinder storage area was moved to the District's Richmond office.

The costs associated with the relocation were not included in the District's FY02/03 Budget. These relocation costs were paid with funds from the FY02/03 Technical Services Division Professional Services budget. The costs included site preparation for use as an air monitoring station and odor laboratory including internal walls, plumbing, electrical, an HVAC system, a roof hatch for placement of air monitoring equipment, and construction of a compressed gas cylinder storage facility. As part of the move, the District had to abandon infrastructure and some equipment at the San Pablo site that was not economically feasible to move.

The District received a total of \$135,000 from the City of San Pablo Redevelopment Agency as compensation to assist in the costs associated with the move and for the fair market value of abandoned equipment and improvements. The Technical Services Division proposes to add \$76,444 to the Professional Services Account to cover the direct costs (\$70,522) associated with relocation and modifications (\$5,922) to a mobile monitoring van, and \$58,566 to the Capital Equipment Account for the purchase of replacement/upgrade of Monitoring, Laboratory and Quality Assurance equipment. The capital equipment includes items cut from the FY02/03 budget and items for the Refinery Further Study Measures. The proposed allocations are detailed in the attached table.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Increase the District's FY02/03 Budget by \$135,000, and allocate \$76,444 to the Technical Services Division Professional Services Account and \$58,556 to the Technical Services Division Capital Equipment Account.

Respectfully submitted,

Wayne Tanaka
Director of Administrative Services

Prepared by: Gary Kendall and Mark Stoelting

FORWARDED _____

BAY AREA AIR QUALITY MANGEMENT DISTRICT
Memorandum

To: Chairperson Uilkema and Members
Of the Budget and Finance Committee

From: Thomas Perardi
Director of Planning

Date: November 27, 2002

Re: Request for Transfer of Funds for Photochemical (Ozone) Modeling

RECOMMENDED ACTION:

Approve transfer of funds in the amount of \$300,000 from the unencumbered reserve to the Planning Division Program 603 professional services account.

DISCUSSION:

In the FY 2001-02 budget funds were provided in the Planning division professional services account for the preparation of photochemical (ozone) modeling. The development of the ozone modeling is a multi-year task to be completed during the latter part of 2003. The ozone modeling will be used to determine the emission reduction targets for the 2004 federal ozone plan.

These budgeted funds were not expended during last fiscal year and were subsequently transferred to the unencumbered reserves. Staff is requesting \$300,000 be transferred back from the unencumbered reserves to the Planning division program 603 professional services account. The transfer of funds will pay for the work to be accomplished during the remainder of the current fiscal year.

Part of these funds will also be used to accelerate the development of the ozone modeling. This is a 3-4 month acceleration over the current track. The Metropolitan Transportation Commission has agreed to fund one-half of the cost to accelerate the model development effort.

Respectfully submitted,

Thomas Perardi

Reviewed by: Peter Hess

FORWARDED _____

BAY AREA AIR QUALITY MANGEMENT DISTRICT

Memorandum

To: Chairperson Uilkema and Members
Of the Budget and Finance Committee

From: William C. Norton
Executive Officer/APCO

Date: November 27, 2002

Re: Sonoma County Climate Protection Campaign Request for Funding

RECOMMENDED ACTION:

None; informational item. This item is also being reviewed by the Advisory Council, which will make a recommendation to the Executive Committee of the Board.

BACKGROUND

The Sonoma County Climate Protection Campaign (SCGPC) has made a formal request to the District Board for \$25,000 in funding to support its work with the local jurisdictions of Sonoma County. Ann Hancock, a private consultant, is the coordinator for SCGPC. She has presented the funding request both to the District Board, and had subsequent conversations with staff about Sonoma's work to both inventory and reduce their greenhouse gas emissions.

DISCUSSION

Sonoma County and its nine cities are to be commended for each pledging to quantify and reduce greenhouse gas emissions from their operations. This is the first county in the United States where each of the member jurisdictions have made this commitment. The SCGPC has undertaken their work using the software and model provided by the International Council on Local Environmental Initiatives' U.S. Cities for Climate Protection Campaign. The efforts in Sonoma County are focused on the greenhouse gas emissions not of the residents and businesses in the County, but rather the direct emissions from the jurisdictions' operations: from their fleet, their buildings, etc. While these emissions are a very small percentage of total greenhouse gas emissions in the County, they are the emissions that the jurisdictions have the ability to impact most directly.

Clearly reducing greenhouse gas emissions has important ancillary air quality benefits. This is because most greenhouse gas emissions are a direct result of combustion (either from motor vehicles, powerplants, or other sources), and combustion is a major contributor to our air quality problems. Indeed, many District programs, actions, regulations, and grants are having major ancillary greenhouse gas benefits, in addition to their primary goal of reducing criteria pollutant concentrations.

We are notifying the Budget and Finance Committee of this issue because of the request for \$25,000. These funds would not be used to cover the costs of quantifying the emissions from each jurisdiction's operation and setting targets for reducing those emissions. That work is underway and will be completed with existing funds. Rather, the consultant has indicated that the requested funds would be used to address the following questions:

- What are the positive and negative impacts—both locally and throughout the District—of Air District support for and participation in climate protection?
- How does climate protection enhance the Air District's mandated work?
- Based on experience in Sonoma County, what recommendations for the Air District are there for this support throughout the District?

The consultant has also indicated in conversation with District staff that the \$25,000 will help define how the Air District can best work to support climate protection and to help her learn about what we do.

Deliverables for the \$25,000 would be written answers to the three questions above, and a written analysis identifying ways to integrate District attainment plans and local plans for climate protection. The final product would be a presentation to the District Board about these results and the ongoing work in Sonoma County.

Committee members may be familiar with the California Climate Action Registry, and staff note that the SCGPC is not affiliated with the Registry. For those not familiar with the Registry, it is a non-profit organization dedicated to working with organizations that are striving to reduce their contribution to global warming. It is formed by State law to allow businesses, local governments, and others to calculate their greenhouse gas footprint, to certify those emissions, and to track changes in those emissions. Thus it provides both software and tools to local governments, but also a way for jurisdictions to potentially receive credit if future Federal or State regulations require emission reductions.

Respectfully submitted,

William C. Norton
Executive Officer/APCO

Prepared by: Tom Addison
Reviewed by: Peter Hess